

00-0513/0514
ICC Staff Exhibit 4.00
Date 1-17-01 Reporter [Signature]

REBUTTAL TESTIMONY

OF

BRYAN SANT

ACCOUNTING DEPARTMENT

FINANCIAL ANALYSIS DIVISION

ILLINOIS COMMERCE COMMISSION

SUNDALE UTILITIES, INC.

DOCKET NOS. 00-0513/00-0514 CONSOLIDATED

DECEMBER 19, 2000

Witness and Exhibit/Schedule Identification

Q. Please state your name and business address.

A. My name is Bryan Sant. My business address is 527 East Capitol Avenue,
Springfield, Illinois 62701.

Q. Have you previously filed testimony in this proceeding?

A. Yes, my direct testimony, ICC Staff Exhibit 1.00, was filed October 17, 2000.

Q. What is the purpose of this testimony?

A. I am presenting the rebuttal Staff revenue requirement schedules for Sundale Utilities, Inc. (comprising Sundale Sewer, Washington Estates Sewer, and Washington Estates Water operations). These schedules are based upon the revisions that Sundale Utilities, Inc. made in its rebuttal testimony, and Staff's adjustments thereto.

I am also presenting testimony regarding salary expenses and rental expense.

Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 4.00?

- A. Yes, I prepared the following schedules for Sundale, which show data for the test year ending December 31, 1999:

Schedule 1.01 A, B & C	-	Statement of Operating Income with Adjustments
Schedule 1.02 A, B & C	-	Adjustments to Operating Income
Schedule 1.03 A, B & C	-	Rate Base
Schedule 1.04 A, B & C	-	Not Applicable
Schedule 1.05 A, B & C	-	Not Applicable
Schedule 1.06 A, B & C	-	Interest Synchronization Adjustment
Schedule 1.07 A, B & C	-	Gross Revenue Conversion Factor
Schedule 1.08 A	-	Rental Expense Adjustment
Schedule 1.09 A	-	Base Rate/Rider Revenue Adjustment

Revenue Requirement Schedules

- Q. Please describe ICC Staff Exhibit 4.00, Schedules 1.01 A, B & C, Statement of Operating Income with Adjustments.
- A. ICC Staff Exhibit 4.00, Schedules 1.01 A, B & C are the same as ICC Staff Exhibit 1.00, Schedules 1.01 A, B & C, described on pages 5 through 6 of ICC Staff Exhibit 1.00, except that Columns (B) and (D) incorporate current Company and Staff positions.

Q. Are there any adjustments to the revenue requirements as shown in Column (I) of Schedules 1.01 A, B & C?

A. Yes. The two Washington Estates division schedules, Schedules 1.01 B and 1.01 C, generate different revenue requirements than are being proposed by Staff. As discussed in my direct testimony, ICC Staff Exhibit 1.00, starting with Line 22 of Page 6, Staff can only propose increases equal to or less than the amount generated by the Company's filed tariffs. The revenue requirement is generated to be \$103,304 on Schedule 1.01 B and \$103,218 on Schedule 1.01 C. However, according to Mr. Pilapil's testimony, ICC Staff Exhibit 3.00, Schedule 3.02 and Schedule 3.03, Sundale's filed tariffs only generate revenue of \$97,057 and \$100,030, respectively, for the Washington Estates sewer and water operations. Therefore, regardless of the numbers generated on ICC Staff Exhibit 4.00, Schedules 1.01 B and 1.01 C, the final Staff proposed rates will be the amounts generated by Mr. Pilapil's schedules.

Q. Please describe ICC Staff Exhibit 4.00, Schedules 1.02 A, B, C Adjustments to Operating Income.

A. Schedules 1.02 A, B & C identifies Staff's rebuttal adjustments to Operating Income. The source of each adjustment is shown in the heading of each

column. The total columns are carried forward to ICC Exhibit 4.00, Schedules 1.01 A, B & C, Column (C).

Q. Please describe ICC Staff Exhibit 4.00, Schedule 1.03 A, B & C, Rate Base.

A. Schedules 1.03 A, B & C are the same as ICC Staff Exhibit 1.00, Schedules 1.03 A, B & C described on page 7 of ICC Staff Exhibit 1.00, except that it incorporates current Company and Staff positions.

Q. Please explain the non-applicability of ICC Staff Exhibit 4.00, Schedules 1.04 A, B & C, Adjustments to Rate Base.

A. In ICC Staff Exhibit 1.00, Schedules 1.04 A, B & C identify Staff's adjustments to rate base. As Sundale accepted Staff's rate base adjustments, these adjustments were incorporated into the Company rebuttal position represented on Columns (B) of Schedules 1.03 A, B & C. No further adjustments are warranted, therefore, Schedules 1.04A, B & C are not needed.

Q. Please describe ICC Staff Exhibit 4.00, Schedules 1.05 A, B & C, Schedules 1.06 A, B & C, and Schedules 1.07 A, B & C.

- A. ICC Staff Exhibit 4.00, Schedules 1.05 A, B & C, 1.06 A, B & C, and 1.07 A, B & C are exactly the same as the corresponding schedules in ICC Staff Exhibit 1.00. Schedules 1.05 A, B & C are explained on page 5 of ICC Staff Exhibit 1.00. Schedules 1.06 A, B & C, and 1.07 A, B & C are explained on pages 8 and 9 of ICC Staff Exhibit 1.00.

Rental Expense (Highland Hills EPA Upgrade) Adjustment

- Q. Please describe ICC Staff Exhibit 4.00, Schedule 1.08 A, Rental Expense Adjustment.
- A. ICC Staff Exhibit 4.00, Schedule 1.08 A, Rental Expense Adjustment, reflects Staff's adjustment to disallow Sundale's proposed increase in recoverable rental expenses. Having reviewed additional information, Staff agrees with Sundale's assertion that the rent to be paid for the Highland Hills EPA Upgrade will continue through 2002. This expense was authorized by the Commission in Docket No. 80-0661 and the Company should be allowed to recover this expense. However, I am proposing that the expense be recovered through a rider rather than through base rates.

This expense is significant but will only be incurred through 2002. If the Commission were to allow the cost in base rates, it would be unfair to the ratepayers to allow the Company to continue to collect this significant cost

beyond the life of the expense. Furthermore, if the Commission were to provide recovery of the cost in base rates and require the Company to file tariffs for revised rates to be effective when recovery was completed, this would be unduly burdensome on the Company, which is just large enough to be unable to file tariffs under the short form procedure established for small water companies.

The issue is further complicated in that inclusion of the annual rent in Staff's derivation of Sundale Sewer's revenue requirement would require an increase in base rates that would exceed the revenue amount of \$329,559, which is generated from the Company proposed tariffs (ICC Staff Exhibit 3.00, Schedule 3.01). Thus, I am proposing the recovery of the total rent payments to be paid by the Company through a rider that will recover the amount in total but be recovered over a period longer than the payment period so that the annual amount to be collected through the rider and the revenue collected through the Staff proposed base rates do not exceed \$329,559. Page 2 of Schedule 1.08 A demonstrates the calculation of reducing the annual recoverable amount of the Highland Hills EPA Upgrade so that the Staff proposed revenue requirement equals the proposed annual rider revenue and the base rate revenue combined.

Base Rate/Highland Hills EPA Upgrade Adjustment

- Q. Please describe ICC Staff Exhibit 4.00, Schedule 1.09A, Base Rate/Highland Hills EPA Upgrade Adjustment.

- A. Schedule 1.09 A, Base Rate/Highland Hills EPA Upgrade Adjustment, reflects Staff's proposal to enable Sundale to recover the total amount of the final two years of rental charge attributed to the EPA Upgrade ordered in Docket No. 80-0661. As stated in the discussion above and shown in Schedule 1.08 A, the annual amount recoverable through the proposed rates is \$10,668 less than the actual annual rental expense. Staff agrees with the Company that it should be able to recover the remaining amount of the EPA improvements as amortized by Staff in Docket No. 88-0046. Schedule 1.09 A demonstrates Staff's proposal that this amount be recovered over a thirty-month period, rather than just two years, so that the entire amount can be recovered.
- Q. Please describe the proposed procedure to allow the Company to recover the rental charges over a thirty-month period.
- A. Staff proposes that Sundale recover the Highland Hills EPA Upgrade rental amount through a separate rider. Sundale will be able to collect this additional charge from the ratepayers for thirty months. As shown in Schedule 1.09 A, by collecting this additional charge over thirty months, Sundale will be given the opportunity to recover the total remaining amount of the EPA Upgrade. The specific calculations for this rider are being proposed in ICC Staff Exhibit 5.00, Schedules 5.0 and 5.02.

Schedule 1.09 A shows that the annual amount of the EPA Upgrade Surcharge to be collected is \$46,033. As this amount is to be collected as an additional proposed charge, it must be shown separate from the traditional revenue requirement. This is done in Column (C) of Schedule 1.02 A and then carried forward to Schedule 1.01 A. This does not impact net income; it distinguishes the amount of revenue to be collected through the traditional rate structure and the EPA Upgrade Surcharge being proposed.

Salary Expense

- Q. Do you agree with Sundale's proposed increase in recoverable salary expense.
- A. Yes. Having reviewed new information received from the Company, Staff agrees that the amount proposed by Sundale is reasonable. As Staff agrees with the calculations shown at Company Exhibit 2 of its Rebuttal Testimony, the amounts for each of the operating divisions were incorporated into Schedules 1.01 A, B & C. Thus, no additional adjustments schedules were prepared to show the same amounts.

State and Federal Income Taxes

- Q. Please describe the adjustments made for income taxes on Schedules 1.02 A, B & C.

A. These adjustments were accepted by Sundale in its Rebuttal Testimony. They continue to be shown on Schedule 1.02 rather than incorporated into Column (B) of Schedule 1.01 purely for the mechanics of the revenue requirement schedules.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does

Sundale Utilities, Inc. (Sundale Sewer Division)

Statement of Operating Income with Adjustments
For the Test Year Ended December 31, 1999
(In Dollars)

Line No	Description	Company Pro Forma Present (Co. Rebuttal Ex. 1) (B)	Staff Adjustments (Sch 1.02A) (C)	Staff Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (Co. Rebuttal Ex. 1) (E)	Staff Gross Revenue Conversion Factor (Sched 1.07A) (F)	Proposed Rates with Staff Adjustments (Cols. D+E+F) (G)	Adjustment To Proposed Increase (H)	Staff Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col I-D) (J)	% Revenue Change (3) (K)
1	Base Rate Revenues	\$ 264,207	\$ (46,033)	\$ 218,174	\$ 76,020	\$ 1	\$ 294,195	\$ (10,670)	\$ 283,525		
2	Highland Hills EPA Upgrade	-	46,033	46,033	-	-	46,033	-	46,033		
3	Total Operating Revenue	264,207	-	264,207	76,020	1	340,228	(10,670)	329,558	\$ 65,351	24.73%
4											
5	Uncollectible Accounts	196	-	196	-	-	196	-	196		
6	Salaries & Wages	108,631	-	108,631	-	-	108,631	-	108,631		
7	Purchased Power	27,287	-	27,287	-	-	27,287	-	27,287		
8	Fuel for Power Production	3,101	-	3,101	-	-	3,101	-	3,101		
9	Rental: Bldg & Real Property	69,601	(10,668)	58,933	-	-	58,933	-	58,933		
10	Transportation	2,881	-	2,881	-	-	2,881	-	2,881		
11	Insurance	7,175	-	7,175	-	-	7,175	-	7,175		
12	Miscellaneous	79,235	-	79,235	-	-	79,235	-	79,235		
13	Taxes other than income	9,909	-	9,909	-	-	9,909	-	9,909		
14	Depreciation	10,976	-	10,976	-	-	10,976	-	10,976		
15	Rate Case Amortization	974	-	974	-	-	974	-	974		
16	Total Operating Expense										
17	Before Income Taxes	319,966	(10,668)	309,298	-	-	309,298	-	309,298		
18											
19	State Income Tax	2,309	(6,138)	(3,829)	5,458	-	1,629	(766)	863		
20	Federal Income Tax	4,477	(11,904)	(7,427)	10,584	-	3,157	(1,486)	1,671		
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-		
22	Total Operating Expenses	326,752	(28,710)	298,042	16,042	-	314,084	(2,252)	311,832		
23											
24	NET OPERATING INCOME	\$ (62,545)	\$ 28,710	\$ (33,835)	\$ 59,978	\$ 1	\$ 26,144	\$ (8,418)	\$ 17,726		
25	Staff Rate Base								\$ 194,732	(1)	
26	Staff Overall Rate of Return								9.10%	(2)	

(1) Source: ICC Staff Exhibit 1.00, Schedule 1.03A, Column (D).

(2) Source: ICC Staff Exhibit 2.00, Schedule 2.07.

(3) Source: Column (J), Line 3, divided by Column (D), Line 3.

Sundale Utilities, Inc. (Sundale Sewer Division)
Adjustments to Operating Income
For the Test Year Ended December 31, 1999
(In Dollars)

Line No	Description (A)	Interest	Revenue	Highland Hills	State Inc Tax	Fed Inc Tax	Total
		Synchronization (ICC St. Ex 1.00 Sched 1.06A) (B)	Classification Adjustment (ICC St. Ex. 4.00 Sched. 1.09A) (C)	Rent Disallowance (ICC St Ex 4.00 Sched 1.08A) (D)	Adjustment (ICC St Ex 1.00 Sched 1.12A) (E)	Adjustment (ICC St Ex 1.00 Sched 1.13A) (F)	Operating Statement Adjustments (G)
1	Base Rate Revenues	\$ -	\$ (46,033)	\$ -	\$ -	\$ -	\$ (46,033)
2	Highland Hills EPA Upgrade	-	46,033	-	-	-	46,033
3	Total Operating Revenue	-	-	-	-	-	-
4							
5	Uncollectible Accounts	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-
7	Purchased Power	-	-	-	-	-	-
8	Fuel for Power Production	-	-	-	-	-	-
9	Rental: Bldg & Real Property	-	-	(10,668)	-	-	(10,668)
10	Transportation	-	-	-	-	-	-
11	Insurance	-	-	-	-	-	-
12	Miscellaneous	-	-	-	-	-	-
13	Taxes other than Income	-	-	-	-	-	-
14	Depreciation	-	-	-	-	-	-
15	Rate Case Amortization	-	-	-	-	-	-
16	Total Operating Expense						
17	Before Income Taxes	-	-	(10,668)	-	-	(10,668)
18							
19	State Income Tax	(592)	-	766	(6,312)	-	(6,138)
20	Federal Income Tax	(1,148)	-	1,485	-	(12,241)	(11,904)
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-
22	Total Operating Expenses	(1,740)	-	(8,417)	(6,312)	(12,241)	(28,710)
23							
24	NET OPERATING INCOME	\$ 1,740	\$ -	\$ 8,417	\$ 6,312	\$ 12,241	\$ 28,710

Sundale Utilities, Inc. (Sundale Sewer Division)
 Rate Base
 For the Test Year Ended December 31, 1999
 (In Dollars)

Line No	Description (A)	Company Pro Forma (Co. Rebuttal) (B)	Staff Adjustments (Sch 1.04A) (C)	Staff Pro Forma (Col B+C) (D)
1	Utility Plant in Service	\$708,666	\$ -	\$ 708,666
2	Accumulated Depreciation	<u>(395,942)</u>	<u>-</u>	<u>(395,942)</u>
3	Net Plant	312,724	-	312,724
4				
5	Additions to Rate Base:			
6	RE Deficit (Depreciation not used)	-	-	-
7				
8				
9				
10	Deductions from Rate Base:			
11	Plant Retirement -- Docket 59813	37,891	-	37,891
12	Contributions in Aid of Construction	<u>(155,883)</u>	<u>-</u>	<u>(155,883)</u>
13				
14				
15	Rate Base	<u>\$ 194,732</u>	<u>\$ -</u>	<u>\$ 194,732</u>

Docket Nos. 00-0513/00-0514 Consolidated
ICC Staff Exhibit 4.00
Schedule 1.04A

NOT APPLICABLE

Docket Nos. 00-0513/00-0514 Consolidated
ICC Staff Exhibit 4.00
Schedule 1.05A

NOT APPLICABLE

Sundale Utilities, Inc. (Sundale Sewer Division)
Interest Synchronization Adjustment
For the Test Year Ended December 31, 1999
(In Dollars)

<u>Line No</u>	<u>Description</u> (A)	<u>Amount</u> (B)
1	Staff Rate Base	\$ 194,732 (1)
2	Weighted Cost of Debt	<u>4.2338%</u> (2)
3	Synchronized Interest per Staff	8,245
4	Company Interest Expense	<u>-</u> (3)
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	<u>\$ 8,245</u>
6	Increase (Decrease) in State Income Tax Expense (Line 5 * 7.18%)	<u>\$ (592)</u>
7	Increase (Decrease) in Federal Income Tax Expense ((Line 5 - Line 6) * 15%)	<u>\$ (1,148)</u>

(1) Source: ICC Staff Exhibit 1.00, Schedule 1.03A, Column (D), Line 15.

(2) Source: ICC Staff Exhibit 2.00, Schedule 2.07.

(3) Source: No taxes, therefore no interest reflected in taxes

Sundale Utilities, Inc. (Sundale Sewer Division)
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 1999

Line No	Description (A)	Rate (B)	Per Company (C)	Per Staff With Bad Debts (D)	Per Staff Without Bad Debts (E)
1	Revenues			1.000000	
2	Uncollectibles			0.000000	
3	State Taxable Income			1.000000	1.000000
4	State Income Tax	7.18%		0.071800	0.071800
5	Federal Taxable Income			0.928200	0.928200
6	Federal Income Tax	15.00%		0.139230	0.139230
7	Operating Income			0.788970	0.788970
8	Gross Revenue Conversion Factor Per Staff			1.267475	1.267475
9	Company Proposed Revenue Increase		\$ 76,020		
10	Company Proposed Operating Income Increase		\$ 59,978		
11	Gross Revenue Conversion Factor Per Company		1.267465		

Sundale Utilities, Inc.

Rental Expense Adjustment -- Sundale Sewer Division
For the Test Year Ended December 31, 1999

<u>Line No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)
1	Rental Expense per Staff	58,933 (1)
2	Rental Expense per Sundale	<u>69,601 (2)</u>
3	Adjustment to Rental Expense	<u>(10,668)</u>

Sources:

(1): ICC Staff Exhibit 4.00, Schedule 1.08A, Page 2.

(2): Company Rebuttal, Company Exhibit 1.

Sundale Utilities, Inc.

Rental Expense Adjustment -- Sundale Sewer Division
For the Test Year Ended December 31, 1999

<u>Line No.</u>	<u>Description</u> (A)	<u>Proposed Revenue</u> (B)	<u>Allowable Revenue</u> (C)
1	Total allowable revenue per filed tariffs		329,559 (1)
2	Staff's pro forma revenues at present rates	264,207 (2)	
		+	
3	Company proposed increase to revenues	<u>76,020 (3)</u>	
4	Company proposed revenue requirement		<u>340,227</u>
5	Adjustment to proposed increase		<u>(10,668)</u>

Sources:

(1): ICC Staff Exhibit 5.00, Schedule 5.01.

(2): ICC Staff Exhibit 1.00, Schedule 1.01 A, Line 1, Column (I).

(3): Sundale Rebuttal, Company Exhibit 1.

Sundale Utilities, Inc.

Base Rate/Highland Hills EPA Upgrade Adjustment -- Sundale Sewer Division
For the Test Year Ended December 31, 1999

Line No.	Description (A)	Annual Rider (B)	Monthly Rider (C)	Rider Length (Months) (D)
1	Annual rental charge for	\$ 56,701 (1)		
2	Highland Hills EPA Upgrade			
3	Adjustment	<u>(10,668) (2)</u>		
4	Allowed annual recovery	<u>\$ 46,033</u>		
5	Annual recovery		\$ 46,033	
			÷	
6	Months		<u>12</u>	
7	Monthly recovery		<u>\$ 3,836</u>	
8	Remaining charges for EPA Upgrade			\$ 113,402
9	(2 years @ \$56,701 per year) (3)			+
10	Monthly Recovery			<u>3,836</u>
11	Number of months allowed to recover remaining			<u>30</u>
12	Highland Hills EPA Upgrade charges			

Sources:

(1): Sundale 1999 General Ledger.

(2): ICC Staff Exhibit 4.00, Schedule 1.08 A.

(3): ICC Staff Exhibit AD 2.16 (Late-filed) from Docket No. 88-0046.

Sundale Utilities, Inc. (W.E. Sewer Division)

Statement of Operating Income with Adjustments
For the Test Year Ended December 31, 1999
(In Dollars)

Line No	Description (A)	Company Pro Forma Present (Co. Rebuttal Ex. 5) (B)	Staff Adjustments (Sch 1.02B) (C)	Staff Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (Co. Rebuttal Ex. 5) (E)	Staff Gross Revenue Conversion Factor (Sch 1.07B) (F)	Proposed Rates with Staff Adjustments (Cols. D+E+F) (G)	Adjustment To Proposed Increase (H)	Staff Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 98,103	\$ -	\$ 98,103	\$ 5,202	\$ -	\$ 103,305	\$ (1)	\$ 103,304		
2		-	-	-	-	-	-	-	-		
3	Total Operating Revenue	98,103	-	98,103	5,202	-	103,305	(1)	103,304	\$ 5,201	5.30%
4			-								
5	Uncollectible Accounts	131	-	131	-	-	131	-	131		
6	Salaries & Wages	29,247	-	29,247	-	-	29,247	-	29,247		
7	Purchased Power	14,781	-	14,781	-	-	14,781	-	14,781		
8	Chemicals	1,513	-	1,513	-	-	1,513	-	1,513		
9	Rental: Bldg & Real Property	7,800	-	7,800	-	-	7,800	-	7,800		
10	Transportation	838	-	838	-	-	838	-	838		
11	Insurance	798	-	798	-	-	798	-	798		
12	Miscellaneous	14,071	-	14,071	-	-	14,071	-	14,071		
13	Depreciation	7,708	-	7,708	-	-	7,708	-	7,708		
14	Taxes other than Income	2,298	-	2,298	-	-	2,298	-	2,298		
15	Rate Case Amortization	263	-	263	-	-	263	-	263		
16	Total Operating Expense										
17	Before Income Taxes	79,448	-	79,448	-	-	79,448	-	79,448		
18											
19	State Income Tax	(400)	1,043	643	374	(1)	1,016	-	1,016		
20	Federal Income Tax	(776)	2,022	1,246	724	-	1,970	-	1,970		
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-		
22	Total Operating Expenses	78,272	3,065	81,337	1,098	(1)	82,434	-	82,434		
23											
24	NET OPERATING INCOME	\$ 19,831	\$ (3,065)	\$ 16,766	\$ 4,104	\$ 1	\$ 20,871	\$ (1)	\$ 20,870		
25	Staff Rate Base								\$ 229,278	(1)	
26	Staff Overall Rate of Return								9.10%	(2)	

(1) Source: ICC Staff Exhibit 1.00, Schedule 1.03B, Column (D).

(2) Source: ICC Staff Exhibit 2.00, Schedule 2.07.

(3) Source: Column (J), Line 4, divided by Column (D), Line 4.

Sundale Utilities, Inc. (W.E. Sewer Division)
Adjustments to Operating Income
For the Test Year Ended December 31, 1999
(In Dollars)

Line No	Description (A)	Interest Synchronization (ICC St Ex 1.00 Sched 1.06B) (B)	Misc. Revenue Adjustments (ICC St Ex 3.00 (Sched 3.02) (C)	State Inc Tax Adjustment (ICC St Ex 1.00 Sched 1.12B) (D)	Fed Inc Tax Adjustment (ICC St Ex 1.00 Sched 1.13B) (E)	Total Operating Statement Adjustments (F)
1	Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
2		-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-
4						
5	Uncollectible Accounts	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-
7	Purchased Power	-	-	-	-	-
8	Chemicals	-	-	-	-	-
9	Rental: Bldg & Real Property	-	-	-	-	-
10	Transportation	-	-	-	-	-
11	Insurance	-	-	-	-	-
12	Miscellaneous	-	-	-	-	-
13	Depreciation	-	-	-	-	-
14	Taxes other than Income	-	-	-	-	-
15	Rate Case Amortization	-	-	-	-	-
16	Total Operating Expense					
17	Before Income Taxes	-	-	-	-	-
18						
19	State Income Tax	(697)	-	1,740	-	1,043
20	Federal Income Tax	(1,352)	-	-	3,374	2,022
21	Deferred Taxes and ITCs Net	-	-	-	-	-
22	Total Operating Expenses	(2,049)	-	1,740	3,374	3,065
23						
24	NET OPERATING INCOME	\$ 2,049	\$ -	\$ (1,740)	\$ (3,374)	\$ (3,065)

Sundale Utilities, Inc. (W.E. Sewer Division)
 Rate Base
 For the Test Year Ended December 31, 1999
 (In Dollars)

Line No	Description (A)	Company Pro Forma (Co. Rebuttal) (B)	Staff Adjustments (Sch 1.04B) (C)	Staff Pro Forma (Col B+C) (D)
1	Utility Plant in Service	\$303,939	\$ -	\$ 303,939
2	Accumulated Depreciation	<u>(159,151)</u>	<u>-</u>	<u>(159,151)</u>
3	Net Plant	144,788	-	144,788
4				
5	Additions to Rate Base:			
6	Retained Earnings Deficit	123,185	-	123,185
7	Working Capital	8,030	-	8,030
8				
9				
10	Deductions from Rate Base:			
11	Contribution in Aid of Construction	<u>(46,725)</u>	<u>-</u>	<u>(46,725)</u>
12				
13				
14	Rate Base	<u>\$ 229,278</u>	<u>\$ -</u>	<u>\$ 229,278</u>

Docket Nos. 00-0513/00-0514 Consolidated
ICC Staff Exhibit 4.00
Schedule 1.04B

NOT APPLICABLE

Docket Nos. 00-0513/00-0514 Consolidated
ICC Staff Exhibit 4.00
Schedule 1.05B

NOT APPLICABLE

Sundale Utilities, Inc. (W.E. Sewer Division)
Interest Synchronization Adjustment
For the Test Year Ended December 31, 1999
(In Dollars)

<u>Line No</u>	<u>Description</u> (A)	<u>Amount</u> (B)
1	Staff Rate Base	\$ 229,278 (1)
2	Weighted Cost of Debt	<u>4.2338%</u> (2)
3	Synchronized Interest per Staff	9,707
4	Company Interest Expense	<u>-</u> (3)
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	<u>\$ 9,707</u>
6	Increase (Decrease) in State Income Tax Expense (Line 5 * 7.18%)	<u>\$ (697)</u>
7	Increase (Decrease) in Federal Income Tax Expense ((Line 5 - Line 6) * 34%)	<u>\$ (1,352)</u>

(1) Source: ICC Staff Exhibit 1.00, Schedule 1.03B, Column (D), Line 14.

(2) Source: ICC Staff Exhibit 2.00, Schedule 2.07.

(3) Source: No taxes, therefore no interest reflected in taxes

Sundale Utilities, Inc. (W.E. Sewer Division)
 Gross Revenue Conversion Factor
 For the Test Year Ended December 31, 1999

Line No	Description (A)	Rate (B)	Per Company (C)	Per Staff With Bad Debts (D)	Per Staff Without Bad Debts (E)
1	Revenues			1.000000	
2	Uncollectibles	0.000%		<u>0.000000</u>	
3	State Taxable Income			1.000000	1.000000
4	State Income Tax	7.18%		<u>0.071800</u>	<u>0.071800</u>
5	Federal Taxable Income			0.928200	0.928200
6	Federal Income Tax	15.00%		<u>0.139230</u>	<u>0.139230</u>
7	Operating Income			<u>0.788970</u>	<u>0.788970</u>
8	Gross Revenue Conversion Factor Per Staff			<u>1.267475</u>	<u>1.267475</u>
9	Company Proposed Revenue Increase		<u>\$ 5,202</u>		
10	Company Proposed Operating Income Increase		<u>\$ 4,104</u>		
11	Gross Revenue Conversion Factor Per Company		<u>1.267544</u>		

Sundale Utilities, Inc. (W.E. Water Division)

Statement of Operating Income with Adjustments
For the Test Year Ended December 31, 1999
(In Dollars)

Line No	Description	Company Pro Forma Present (Co. Rebuttal Ex. 6) (B)	Staff Adjustments (Sch 1.02C) (C)	Staff Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (Co. Rebuttal Ex. 6) (E)	Staff Gross Revenue Conversio Factor (Sch 1.07C) (F)	Proposed Rates with Staff Adjustments (Cols. D+E+F) (G)	Adjustment To Proposed Increase (H)	Staff Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 98,017	\$ -	\$ 98,017	\$ 5,202	\$ -	\$ 103,219	\$ (1)	\$ 103,218		
2		-	-	-	-	-	-	-	-		
3	Total Operating Revenue	98,017	-	98,017	5,202	-	103,219	(1)	103,218	<u>\$ 5,201</u>	<u>5.31%</u>
4			-								
5	Uncollectible Accounts	130	-	130	-	-	130	-	130		
6	Salaries & Wages	29,247	-	29,247	-	-	29,247	-	29,247		
7	Purchased Power	11,053	-	11,053	-	-	11,053	-	11,053		
8	Chemicals	1,513	-	1,513	-	-	1,513	-	1,513		
9	Rental: Bldg & Real Property	600	-	600	-	-	600	-	600		
10	Transportation	838	-	838	-	-	838	-	838		
11	Insurance	798	-	798	-	-	798	-	798		
12	Miscellaneous	8,415	-	8,415	-	-	8,415	-	8,415		
13	Depreciation	10,986	-	10,986	-	-	10,986	-	10,986		
14	Taxes other than Income	2,298	-	2,298	-	-	2,298	-	2,298		
15	Rate Case Amortization	263	-	263	-	-	263	-	263		
16	Total Operating Expense										
17	Before Income Taxes	66,141	-	66,141	-	-	66,141	-	66,141		
18											
19	State Income Tax	702	504	1,206	374	(1)	1,579	-	1,579		
20	Federal Income Tax	1,360	978	2,338	724	-	3,062	-	3,062		
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-		
22	Total Operating Expenses	<u>68,203</u>	<u>1,482</u>	<u>69,685</u>	<u>1,098</u>	<u>(1)</u>	<u>70,782</u>	<u>-</u>	<u>70,782</u>		
23											
24	NET OPERATING INCOME	<u>\$ 29,814</u>	<u>\$ (1,482)</u>	<u>\$ 28,332</u>	<u>\$ 4,104</u>	<u>\$ 1</u>	<u>\$ 32,437</u>	<u>\$ (1)</u>	<u>\$ 32,436</u>		
25	Staff Rate Base								<u>\$ 356,334</u>	(1)	
26	Staff Overall Rate of Return								<u>9.10%</u>	(2)	

(1) Source: ICC Staff Exhibit 1.00, Schedule 1.03C, Column (D).

(2) Source: ICC Staff Exhibit 2.00, Schedule 2.07.

(3) Source: Column (J), Line 4, divided by Column (D), Line 4.

Sundale Utilities, Inc. (W.E. Water Division)
Adjustments to Operating Income
For the Test Year Ended December 31, 1999
(In Dollars)

Line No	Description (A)	Interest Synchronization (ICC St Ex 1.00 Sched 1.06C) (B)	State Inc Tax Adjustment (ICC St Ex 1.00 Sched 1.12C) (C)	Fed Inc Tax Adjustment (ICC St Ex 1.00 Sched 1.13C) (D)	Misc. Revenue Adjustments (ICC St Ex 1.00 Sched 3.02B) (E)	Total Operating Statement Adjustments (F)
1	Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
2		-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-
4						
5	Uncollectible Accounts	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-
7	Purchased Power	-	-	-	-	-
8	Chemicals	-	-	-	-	-
9	Rental: Bldg & Real Property	-	-	-	-	-
10	Transportation	-	-	-	-	-
11	Insurance	-	-	-	-	-
12	Miscellaneous	-	-	-	-	-
13	Depreciation	-	-	-	-	-
14	Taxes other than Income	-	-	-	-	-
15	Rate Case Amortization	-	-	-	-	-
16	Total Operating Expense					
17	Before Income Taxes	-	-	-	-	-
18						
19	State Income Tax	(1,083)	1,587	-	-	504
20	Federal Income Tax	(2,100)	-	3,078	-	978
21	Deferred Taxes and ITCs Net	-	-	-	-	-
22	Total Operating Expenses	(3,183)	1,587	3,078	-	1,482
23						
24	NET OPERATING INCOME	\$ 3,183	\$ (1,587)	\$ (3,078)	\$ -	\$ (1,482)

Sundale Utilities, Inc. (W.E. Water Division)
 Rate Base
 For the Test Year Ended December 31, 1999
 (In Dollars)

Line No	Description (A)	Company Pro Forma (Co. Filing Sch 3) (B)	Staff Adjustments (Sch 1.04C) (C)	Staff Pro Forma (Col B+C) (D)
1	Utility Plant in Service	\$467,531	\$ -	\$ 467,531
2	Accumulated Depreciation	(189,864)	-	(189,864)
3	Net Plant	277,667	-	277,667
4				
5	Additions to Rate Base:			
6	Retained Earnings Deficit	142,668	-	142,668
7	Working Capital	5,957	-	5,957
8				
9				
10	Deductions from Rate Base:			
11	Contribution in Aid of Construction	(69,958)	-	(69,958)
12				
13				
14	Rate Base	\$ 356,334	\$ -	\$ 356,334

Docket Nos. 00-0513/00-0514 Consolidated
ICC Staff Exhibit 4.00
Schedule 1.04C

NOT APPLICABLE

Docket Nos. 00-0513/00-0514 Consolidated
ICC Staff Exhibit 4.00
Schedule 1.05C

NOT APPLICABLE

Sundale Utilities, Inc. (W.E. Water Division)
Interest Synchronization Adjustment
For the Test Year Ended December 31, 1999
(In Dollars)

<u>Line No</u>	<u>Description</u> (A)	<u>Amount</u> (B)
1	Staff Rate Base	\$ 356,334 (1)
2	Weighted Cost of Debt	<u>4.2338%</u> (2)
3	Synchronized Interest per Staff	15,086
4	Company Interest Expense	<u>-</u> (3)
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	<u>\$ 15,086</u>
6	Increase (Decrease) in State Income Tax Expense (Line 5 * 7.18%)	<u>\$ (1,083)</u>
7	Increase (Decrease) in Federal Income Tax Expense ((Line 5 - Line 6) * 34%)	<u>\$ (2,100)</u>

(1) Source: ICC Staff Exhibit 1.00, Schedule 1.03C, Column (D), Line 14.

(2) Source: ICC Staff Exhibit 2.00, Schedule 2.07.

(3) Source: No taxes, therefore no interest reflected in taxes

Sundale Utilities, Inc. (W.E. Water Division)
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 1999

Line No	Description (A)	Rate (B)	Per Company (C)	Per Staff With Bad Debts (D)	Per Staff With out Bad Debts (E)
1	Revenues			1.000000	
2	Uncollectibles			0.000000	
3	State Taxable Income			1.000000	1.000000
4	State Income Tax	7.18%		0.071800	0.071800
5	Federal Taxable Income			0.928200	0.928200
6	Federal Income Tax	15.00%		0.139230	0.139230
7	Operating Income			0.788970	0.788970
8	Gross Revenue Conversion Factor Per Staff			1.267475	1.267475
9	Company Proposed Revenue Increase		\$ 5,202		
10	Company Proposed Operating Income Increase		\$ 4,104		
11	Gross Revenue Conversion Factor Per Company		1.267544		